

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p align="right">DATE: <u>11/11/2016</u></p> <p>CONTACT PERSON: <u>Sara Robben</u></p> <p>TELEPHONE: <u>816-783-8230</u></p> <p>EMAIL ADDRESS: <u>srobben@naic.org</u></p> <p>ON BEHALF OF: _____</p> <p>NAME: <u>Commissioner Adam Hamm</u></p> <p>TITLE: <u>Property and Casualty Insurance (C) Committee</u></p> <p>AFFILIATION: <u>North Dakota Department of Insurance</u></p> <p>ADDRESS: _____</p>	<p>FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2016-32BWG MOD</u></p> <p>Year <u>2017</u></p> <p>Changes to Existing Reporting [X]</p> <p>New Reporting Requirement []</p> <hr/> <p align="center">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X]</p> <p>Modifies Required Disclosure []</p> <hr/> <p align="center">DISPOSITION</p> <p>[] Rejected For Public Comment</p> <p>[] Referred To Another NAIC Group</p> <p>[] Received For Public Comment</p> <p>[X] Adopted Date <u>04/08/2017</u></p> <p>[] Rejected Date _____</p> <p>[] Deferred Date _____</p> <p>[] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

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|--|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input type="checkbox"/> QUARTERLY STATEMENT | |
| <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS | <input checked="" type="checkbox"/> BLANK |
| <input type="checkbox"/> Life and Accident & Health | <input checked="" type="checkbox"/> Property/Casualty | <input type="checkbox"/> Health |
| <input type="checkbox"/> Separate Accounts | <input type="checkbox"/> Fraternal | <input type="checkbox"/> Title |
| <input type="checkbox"/> Other Specify | | |

Anticipated Effective Date: Annual 2017

IDENTIFICATION OF ITEM(S) TO CHANGE

Split the Cybersecurity and Identity Theft Insurance Coverage Supplement blank into three parts (interrogatories, stand-alone policies and packaged policies). Add interrogatory questions to better indicate if a company writes certain types of cybersecurity and identity theft business. Clarify in the instructions who should be completing the supplement. Add information on claims open, closed with payment and closed without payment.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The purpose of this proposal is to reorganize the Cybersecurity and Identity Theft Insurance Coverage Supplement to enable the use less complex tables for capturing the data to enable easier querying of the data. Adds clarification as to who should complete the supplement and provides regulators with additional claims data on claims open, closed with payment and closed without payment.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

ANNUAL STATEMENT INSTRUCTIONS – PROPERTY

**CYBERSECURITY AND IDENTITY THEFT INSURANCE COVERAGE SUPPLEMENT
GENERAL INSTRUCTIONS**

This supplement should be completed by those reporting entities including surplus line insurers and Risk Retention Groups that provide cybersecurity insurance and identity theft insurance in a stand-alone policy or as part of a package policy. If the reporting entity’s answer to Questions 1, 2, 4 and 5 of Part 1 would be “no”, the reporting entity should not complete the supplement. If the reporting entity answers “yes” to any of those questions, the supplement should be completed. The supplement should be reported on a direct basis (before assumed and ceded reinsurance).

Cybersecurity Insurance

For the purposes of this reporting form, cybersecurity insurance applies to commercial insurance through a single policy or multi-peril coverage part solely intended to assist in helping manage risks associated with exposures arising out of network intrusions and improper handling of electronic data, including data such as personally identifiable information and other sensitive information in electronic form. The risks covered may include one or more of the following:

- Identity theft as a result of privacy violations and security breaches where sensitive information is stolen by an unauthorized person or inadvertently disclosed and includes identity restoration costs.
- Business interruption and extra expense from an unauthorized person preventing access to the Internet, the policyholder’s website or other parts of the policyholder’s network.
- Costs associated with restoring data from electronic or paper records that have been damaged by an unauthorized person.
- Costs related to a data breach such as forensic investigations, legal advice, public relations, notification and regulatory expenses.
- Exposure arising out of theft or loss of client’s or customer’s digital assets.
- Introduction of malware, worms and other malicious computer code to third parties.
- Cyber extortion against the policyholder.
- Liability and damages resulting from network failures.

Identity Theft Insurance

For the purposes of this reporting form, identity theft insurance applies to personal lines insurance through a single policy or as part of another personal lines coverage that covers only identity theft and identity theft restoration

~~Line 1 — For stand alone cybersecurity insurance policies, provide the number of first party claims reported (by incident); number of third party claims reported (by incident); direct premiums; direct losses; adjusting and other expenses; and defense and cost containment expenses for stand alone policies are to be reported before reinsurance for columns 1 through 10.~~

~~For Columns 11 and 12, provide the number of in force stand alone policies that are claims made versus occurrence.~~

~~Line 2~~ For stand alone identity theft insurance policies, provide the number of identity theft claims reported (by incident); direct premiums; losses; adjusting and other expenses; and defense and cost containment Columns 1 through 9.

~~Line 3~~ For cybersecurity insurance that is part of a package policy, provide the number of first party claims reported (by incident); the number of third party claims reported (by incident); direct losses; adjusting and other expenses; and direct defense and cost containment expenses Columns 1 through 8.

~~For Columns 9 and 10, provide the number of policies in force for package policies containing cybersecurity coverage.~~

~~Line 3.11~~ If the answer to Line 3.1 is "no," provide the reason.

~~Lines 3.21~~

~~& 3.22~~ If the answer to Line 3.1 is "yes," provide the amount of direct premiums written and direct premiums earned (quantified and/or estimated) for cybersecurity insurance included in package policies before reinsurance.

~~Line 4~~ For identity theft insurance that is part of a package policy, provide the number of claims reported (by incident); direct losses; adjusting and other expenses; and direct defense and cost containment expenses. Columns 1 through 7 should be before reinsurance.

~~For Column 8, provide the number of policies in force for package policies containing identity theft coverage.~~

~~Line 4.11~~ If the answer to Line 4.1 is "no," provide the reason.

~~Lines 4.21~~

~~& 4.22~~ If the answer to Line 4.1 is "yes," provide the amount of direct premiums written and direct premiums earned (qualified and/or estimated) for identity theft insurance included in package policies before reinsurance.

~~NOTE:~~ Lines 1 and 3 apply to commercial lines.

~~Lines 2 and 4 apply to personal lines.~~

CYBERSECURITY AND IDENTITY THEFT INSURANCE COVERAGE SUPPLEMENT
PART 2 – STAND-ALONE POLICIES
POLICY AND CLAIMS DATA

If the reporting entity answers yes to either Question 1 or Question 4 of Part 1 the Part 2 should be completed. Part 2 should be reported on a direct basis (before assumed and ceded reinsurance).

Column 1 – Cybersecurity Insurance

This column only applies to commercial lines.

Column 2 – Identity Theft Insurance

This column only applies to personal lines.

Line 97 – Number of Policies in Force – Claims-Made

For Column 1, Cybersecurity Insurance, provide the number of claims-made policies in force.

Line 408 – Number of Policies in Force – Occurrence

For Column 1, Cybersecurity Insurance, provide the number occurrence policies in force.

Line 449 – Number of Policies in Force – Total

Line 449 should equal Line 97 plus Line 408 for Column 1, Cybersecurity Insurance.

Provide the total number of policies in force for Column 2, Identity Theft Insurance.

Line 4210 – Number of Claims Reported – First-Party

For Column 1, Cybersecurity Insurance, provide the number of first-party claims reported by incident.

Line 4311 – Number of Claims Reported – Third-Party

For Column 1, Cybersecurity Insurance, provide the number of third-party claims reported by incident.

Line 4412 – Number of Claims Reported – Total

Line 4412 should equal Line 4210 plus Line 4311 for Column 1, Cybersecurity Insurance.

Provide the total number of claims reported for Column 2, Identity Theft Insurance.

Line 4513 – Number of Claims Open – First-Party

For Column 1, Cybersecurity Insurance, provide the number of first-party claims open by incident.

Line 4614 – Number of Claims Open – Third-Party

For Column 1, Cybersecurity Insurance, provide the number of third-party claims open by incident.

Line 4715 – Number of Claims Open – Total

Line 4715 should equal Line 4513 plus Line 4614 for Column 1, Cybersecurity Insurance.

Provide the total number of claims open for Column 2, Identity Theft Insurance.

Line 1816 – Number of Claims Closed with Payment – First-Party

For Column 1, Cybersecurity Insurance, provide the number of first-party claims closed with payment by incident.

Line 1917 – Number of Claims Closed with Payment – Third-Party

For Column 1, Cybersecurity Insurance, provide the number of third-party claims closed with payment by incident.

Line 2018 – Number of Claims Closed with Payment – Total

Line 1418 should equal Line 1816 plus Line 1917 for Column 1, Cybersecurity Insurance.

Provide the total number of claims closed with payment for Column 2, Identity Theft Insurance.

Line 2119 – Number of Claims Closed Without Payment – First-Party

For Column 1, Cybersecurity Insurance, provide the number of first-party claims closed without payment by incident.

Line 2220 – Number of Claims Closed Without Payment – Third-Party

For Column 1, Cybersecurity Insurance, provide the number of third-party claims closed without payment by incident.

Line 2321 – Number of Claims Closed Without Payment – Total

Line 1421 should equal Line 2119 plus Line 2220 for Column 1, Cybersecurity Insurance.

Provide the total number of claims closed without payment for Column 2, Identity Theft Insurance.

CYBERSECURITY AND IDENTITY THEFT INSURANCE COVERAGE SUPPLEMENT
PART 3 – PART OF A PACKAGE POLICY
POLICY AND CLAIMS DATA

If the reporting entity answers yes to either Question 2 or Question 5 of Part 1 the Part 3 should be completed. Part 3 should be reported on a direct basis (before assumed and ceded reinsurance) including quantified and estimated premiums.

Column 1 – Cybersecurity Insurance

This column only applies to commercial lines.

Column 2 – Identity Theft Insurance

This column only applies to personal lines.

Line 409 – Number of Policies in Force – Claims-Made

For Column 1, Cybersecurity Insurance, provide the number of claims-made policies in force.

Line 410 – Number of Policies in Force – Occurrence

For Column 1, Cybersecurity Insurance, provide the number occurrence policies in force.

Line 421 – Number of Policies in Force – Total

Line 421 should equal Line 409 plus Line 410 for Column 1, Cybersecurity Insurance.

Provide the total number of policies in force for Column 2, Identity Theft Insurance.

Line 432 – Number of Claims Reported – First-Party

For Column 1, Cybersecurity Insurance, provide the number of first-party claims reported by incident.

Line 443 – Number of Claims Reported – Third-Party

For Column 1, Cybersecurity Insurance, provide the number of third-party claims reported by incident.

Line 454 – Number of Claims Reported – Total

Line 454 should equal Line 432 plus Line 443 for Column 1, Cybersecurity Insurance.

Provide the total number of claims reported for Column 2, Identity Theft Insurance.

Line 465 – Number of Claims Open – First-Party

For Column 1, Cybersecurity Insurance, provide the number of first-party claims open by incident.

Line 476 – Number of Claims Open – Third-Party

For Column 1, Cybersecurity Insurance, provide the number of third-party claims open by incident.

Line 487 – Number of Claims Open – Total

Line 487 should equal Line 465 plus Line 476 for Column 1, Cybersecurity Insurance.

Provide the total number of claims open for Column 2, Identity Theft Insurance.

Line 1918 – Number of Claims Closed with Payment – First-Party

For Column 1, Cybersecurity Insurance, provide the number of first-party claims closed with payment by incident.

Line 2019 – Number of Claims Closed with Payment – Third-Party

For Column 1, Cybersecurity Insurance, provide the number of third-party claims closed with payment by incident.

Line 2120 – Number of Claims Closed with Payment – Total

Line 1420 should equal Line 1918 plus Line 2019 for Column 1, Cybersecurity Insurance.

Provide the total number of claims closed with payment for Column 2, Identity Theft Insurance.

Line 2221 – Number of Claims Closed Without Payment – First-Party

For Column 1, Cybersecurity Insurance, provide the number of first-party claims closed without payment by incident.

Line 2322 – Number of Claims Closed Without Payment – Third-Party

For Column 1, Cybersecurity Insurance, provide the number of third-party claims closed without payment by incident.

Line 2423 – Number of Claims Closed Without Payment – Total

Line 1423 should equal Line 2221 plus Line 2322 for Column 1, Cybersecurity Insurance.

Provide the total number of claims closed without payment for Column 2, Identity Theft Insurance.

ANNUAL STATEMENT BLANK – PROPERTY

~~CYBERSECURITY AND IDENTITY THEFT INSURANCE COVERAGE SUPPLEMENT~~

For The Year Ended December 31, 20__
(To Be Filed by April 1)

NAIC Group Code NAIC Company Code

Company Name

If the reporting entity writes any stand-alone cybersecurity insurance coverage, please provide the following:

1. Stand-Alone Cybersecurity Insurance Policies (Complete only if company writes these types of policies.)

Number of Claims Reported		Direct Premiums		Direct Losses		Adjusting and Other Expenses		Direct Defense and Cost Containment		Number of Policies in Force	
1 First Party	2 Third Party	3 Written	4 Earned	5 Paid	6 Incurred	7 Paid	8 Incurred	9 Paid	10 Incurred	11 Claims-Made	12 Occurrence
		\$	\$	\$	\$	\$	\$	\$	\$		

If the reporting entity writes any stand-alone identity theft insurance coverage, please provide the following:

2. Stand-Alone Identity Theft Insurance Policies (Complete only if company writes these types of policies.)

1 Number of Claims Reported	Direct Premiums		Direct Losses		Adjusting and Other Expenses		Direct Defense and Cost Containment		10 Number of Policies in Force
	2 Written	3 Earned	4 Paid	5 Incurred	6 Paid	7 Incurred	8 Paid	9 Incurred	
	\$	\$	\$	\$	\$	\$	\$	\$	

If the reporting entity writes any cybersecurity insurance coverage that is part of a package policy, please provide the following:

3. Cybersecurity insurance that is part of a package policy (Complete only if company writes these types of policies.)

Number of Claims Reported		Direct Losses		Adjusting and Other Expenses		Direct Defense and Cost Containment		Number of Policies in Force	
1 First Party	2 Third Party	3 Paid	4 Case Reserves	5 Paid	6 Case Reserves	7 Paid	8 Case Reserves	9 Claims-Made	10 Occurrence
		\$	\$	\$	\$	\$	\$		

3.1 Can the direct premium earned for the cybersecurity coverage provided as part of a package policy be quantified or estimated? Yes [] No []

3.11 If the response to 3.1 is no, please fully explain why the insurer cannot quantify or estimate direct premiums earned:

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CYBERSECURITY AND IDENTITY THEFT INSURANCE COVERAGE SUPPLEMENT (Continued)

For The Year Ended December 31, 20__
(To Be Filed by April 1)

3.2 If the response to question 3.1 is yes, provide the quantified or estimated direct premiums written and direct premium earned amount for cybersecurity insurance included in package policies:

	Cybersecurity Insurance Direct Premiums Written	Cybersecurity Insurance Direct Premiums Earned
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3.21 Amount quantified: _____ \$ _____ \$ _____

3.22 Amount estimated using reasonable assumptions: _____ \$ _____ \$ _____

3.3 If the liability portion of a cybersecurity policy is a claims-made policy, is an extended reporting endorsement (tail coverage) offered? Yes No

If the reporting entity writes any identity theft insurance coverage that is part of a package policy, please provide the following:

4. Identity theft insurance that is part of a package policy (Complete only if company writes these types of policies.)

1 Number of Claims Reported	Direct Losses		Adjusting and Other Expenses		Direct Defense and Cost Containment		8 Number of Policies in Force
	2 Paid	3 Case Reserves	4 Paid	5 Case Reserves	6 Paid	7 Case Reserves	
	\$	\$	\$	\$	\$	\$	

4.1 Can the direct premium earned for the identity theft coverage provided as part of a package policy be quantified or estimated? Yes No

4.11 If the response to 4.1 is no, please fully explain why the insurer cannot quantify or estimate direct premiums earned:

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4.2 If the response to question 4.1 is yes, provide the quantified or estimated direct premiums written and direct premium earned amount for identity theft insurance included in package policies:

	Identity Theft Insurance Direct Premiums Written	Identity Theft Insurance Direct Premiums Earned
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4.21 Amount quantified: _____ \$ _____ \$ _____

4.22 Amount estimated using reasonable assumptions: _____ \$ _____ \$ _____

CYBERSECURITY AND IDENTITY THEFT INSURANCE COVERAGE SUPPLEMENT

For The Year Ended December 31, 20_____

(To Be Filed by April 1)

NAIC Group Code.....

NAIC Company Code.....

Company Name

PART 1 – INTERROGATORIES

Cybersecurity Insurance Coverage:

1. Does the reporting entity write any stand-alone cybersecurity insurance coverage? Yes [] No []

If yes, complete Column 1 for Part 2.

2. Does the reporting entity write any cybersecurity insurance coverage provided as part of a package policy? Yes [] No []

If yes, complete Column 1 for Part 3

3. If the liability portion of a cybersecurity insurance policy is a claims-made policy, is an extended reporting endorsement (tail coverage) offered? Yes [] No []

Identity/Theft Insurance Coverage:

4. Does the reporting entity write any stand-alone identity theft insurance coverage? Yes [] No []

If yes, complete Column 2 for Part 2.

5. Does the reporting entity write any identity theft insurance coverage provided as part of a package policy? Yes [] No []

If yes, complete Column 2 for Part 3

PART 2 – STAND-ALONE POLICIES
POLICY AND CLAIMS DATA

	<u>1</u> Cybersecurity Insurance	<u>2</u> Identity Theft Insurance
<u>Direct Premiums</u>		
<u>1.</u> Written
<u>2.</u> Earned
<u>Direct Losses</u>		
<u>3.</u> Paid.....
<u>4.</u> Incurred
<u>Direct Adjusting and Other Expenses</u>		
<u>5.</u> Paid.....
<u>6.</u> Incurred.....
<u>Direct Defense and Cost Containment</u>		
<u>75.</u> Paid.....
<u>86.</u> Incurred
<u>Number of Policies in Force</u>		
<u>97.</u> Claims-Made	XXX
<u>108.</u> Occurrence	XXX
<u>119.</u> Total (<u>97</u> + <u>108</u>)
<u>Number of Claims Reported</u>		
<u>1210.</u> First Party	XXX
<u>1311.</u> Third Party	XXX
<u>1412.</u> Total (<u>1210</u> + <u>1311</u>)
<u>Number of Claims Open</u>		
<u>1513.</u> First Party	XXX
<u>1614.</u> Third Party	XXX
<u>1715.</u> Total (<u>1513</u> + <u>1615</u>)
<u>Number of Claims Closed with Payment</u>		
<u>1816.</u> First Party	XXX
<u>1917.</u> Third Party	XXX
<u>2018.</u> Total (<u>1816</u> + <u>1917</u>)
<u>Number of Claims Closed without Payment</u>		
<u>2119.</u> First Party	XXX
<u>2220.</u> Third Party	XXX
<u>2321.</u> Total (<u>2119</u> + <u>2220</u>)

**PART 3 – PART OF A PACKAGE POLICY
POLICY AND CLAIMS DATA**

	<u>1</u> Cybersecurity Insurance	<u>2</u> Identity Theft Insurance
<u>Direct Premiums Quantified</u>		
<u>1. Written</u>
<u>2. Earned</u>
<u>Direct Premiums Estimated Using Reasonable Assumptions</u>		
<u>3. Written</u>
<u>4. Earned</u>
<u>Direct Losses</u>		
<u>5. Paid.....</u>
<u>6. Case Reserves.....</u>
<u>Direct Adjusting and Other Expenses</u>		
<u>7. Paid.....</u>
<u>Direct Defense and Cost Containment</u>		
<u>87. Paid.....</u>
<u>98. Case Reserves.....</u>
<u>Number of Policies in Force</u>		
<u>109. Claims-Made</u>	<u>XXX</u>
<u>110. Occurrence</u>	<u>XXX</u>
<u>111. Total (109 + 110)</u>
<u>Number of Claims Reported</u>		
<u>112. First Party</u>	<u>XXX</u>
<u>113. Third Party</u>	<u>XXX</u>
<u>114. Total (112 + 113)</u>
<u>Number of Claims Open</u>		
<u>115. First Party</u>	<u>XXX</u>
<u>116. Third Party</u>	<u>XXX</u>
<u>117. Total (115 + 116)</u>
<u>Number of Claims Closed with Payment</u>		
<u>118. First Party</u>	<u>XXX</u>
<u>119. Third Party</u>	<u>XXX</u>
<u>120. Total (118 + 119)</u>
<u>Number of Claims Closed without Payment</u>		
<u>221. First Party</u>	<u>XXX</u>
<u>222. Third Party</u>	<u>XXX</u>
<u>223. Total (221 + 222)</u>

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